

**CAPITAL WORLD LIMITED**  
(Incorporated in the Cayman Islands)  
(Company Registration No.: CT-276295)

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**RESPONSE TO QUERIES FROM THE SGX-ST**

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The board of directors (the “**Board**” or the “**Directors**”) of Capital World Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 10 July 2019 (the “**Previous Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Previous Announcement.

The Board would like to provide the following information in response to queries raised by the SGX-ST on 11 July 2019.

**Query 1:**

Approximately 10.3% of the consideration will be paid by the Subscribers to the Company within 14 days of the Term Sheet. What is the reason for such arrangement? What is the intention on usage of the deposit?

**Company’s response to Query 1:**

The Company would like the Subscribers to show their commitment to the Proposed Subscription by paying Company a deposit of S\$2 million (“**Current Deposit**”). Whilst the Current Deposit is refundable in the event of termination of the Proposed Subscription, the Company believes that the tenure of 6 months without any collateral would allow the Subscriber to show its commitment to the Proposed Subscription.

For the Current Deposit received by the Company, the Company would use the proceeds to partially pay its current outstanding loans and borrowings.

**Query 2:**

What did the Board consider and how was the Arranger Fee arrived at?

**Company’s response to Query 2:**

The Arranger Fee of 7% was arrived at following mutual negotiation, taking into account the current market situation. The Company is aware that there are other SGX-listed companies paying a similar fee to their arrangers. Reference may be made to Tritech Group Limited’s announcement dated 7 July 2019 (7% arranger fee) and Anchor Resources Limited’s announcement dated 9 April 2019 (7% arranger fee).

**Query 3**

If the Proposed Subscription is terminated before completion, the Company would be required to issue 3,500,000 Arranger Shares to the Arranger, and repay the Deposit to the Subscribers within 6 months from date of receipt, together with interest of 8% per annum.

- (i) What is the reason for such an arrangement? To the audit committee, is this arrangement in the interest of the Company?

**Company’s response to Query 3(i):**

As highlighted in the Company’s response to Query 1 above, the Current Deposit is a reflection of commitment from the Subscribers. In the event that the Subscription does not proceed, the Deposit would then be treated as a form of loan from the Subscribers to Company for a period of 6 months. The Company views the Current Deposit as a form of immediate fund raising and

hence, deems it appropriate to pay the Arranger Fee. The 3,500,000 shares to be issued to the Arranger is part of the agreed Arranger Fee.

The Current Deposit arrangement is similar to PRG Holdings Berhard's subscription (the "**PRG Subscription**") in January 2019 whereby a deposit of S\$5 million (the "**PRG Deposit**") was required by the Company before the completion of the PRG Subscription. The PRG Deposit represented approximately 54% of the gross proceeds from the PRG Subscription, while the Current Deposit represents 11% of the gross proceeds from the Proposed Subscription. The PRG Deposit terms were more stringent in the event of non-completion of the PRG Subscription as shown in the comparison table below:

	Current share placement (Mr Yuan & Mr Chng)	Share placement to PRG
<b>Deposit information:</b>		
Deposit amount	2,000,000	5,000,000
<b>In the event proposed subscription does not proceed:</b>		
1) Interest per annum	8.0%	8.5%
2) One-off fee	None	6.0%
3) Collaterals required	None	S\$15 million worth of property units
4) Repayment	To repay within 6 months from the date of receipt	To repay within one month from the date of termination of proposed subscription

The audit committee is of the view that this deposit arrangement is in the best interests of the Company on the following grounds:

- (a) There is no other immediate financing options available to the Group currently; and
  - (b) The Current Deposit will enable the partial repayment of outstanding loans and borrowings.
- (ii) Will the cash portion of the Arranger Fee be refunded to the Company if the Proposed Subscription is terminated?

**Company's response to Query 3(ii):**

If the Proposed Subscription is terminated, the Current Deposit will be treated as a 6-month loan with interest of 8% per annum. In obtaining this loan, the Company will be required to pay the Arranger 7% of the loan amount and such Arranger Fee on the loan will not be refunded to the Company.

- (iii) Will the Arranger Shares be subject to shareholders' approval? The Arranger Fees are at an issue price of S\$0.02, which is a 13.04% discount to the VWAP on 5 July 2019.

**Company's response to Query 3(iii):**

Yes, the Arranger Shares will be subject to shareholder's approval and the receipt of the SGX-ST's listing and quotation notice. The Proposed Subscription is not conditional upon the approval of the issuance of Arranger Shares. In the event that the issuance of Arranger Shares is not approved at the EGM, the Company would have to negotiate with the Arranger for the payment by other means while keeping in mind the requirements of the Catalist Rules. The Company will make further announcements on any material developments regarding such arrangement.

**Query 4:**

How was the Arranger introduced to the Company and via whom?

**Company's response to Query 4:**

Kenny Zhang, the Chief Financial Officer of the Company, had approached the Arranger for fund raising. Kenny Zhang has known the Arranger since the reverse takeover exercise of the Company in 2017.

By Order of the Board  
**CAPITAL WORLD LIMITED**

Siow Chien Fu  
Executive Director and Chief Executive Officer  
23 July 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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